

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NRC-05 NSAE-00 USIA-06

TRSE-00 ERDA-05 CIAE-00 COME-00 OES-06 NSC-05 MC-02

/049 W

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R 240944Z JUL 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 7503

C O N F I D E N T I A L BELGRADE 4858

EO 11652 GDS

TAGS: ESTC YO US

SUBJ: EXPORT CONTROL: HONEYWELL COMPUTER

REF: (A) STATE 178630, (B) STATE 180703, (C) BELGRADE 4814

1. EMBOFF MET WITH BOSKO KOSTIC, GENERAL DIRECTOR PROGRES, JULY 22 AND EXPLAINED USG POSITION (REF A) LINKING ISSUANCE OF LICENSE TO US/GOY GENERAL EXPORT LICENSE MEETING. KOSIC SEEMED DISTRESSED BY THIS DEVELOPMENT AND DOWNPLAYED PROGRES' INFLUENCE ON GOY DECISIONS. HE MADE COUNTER-SUGGESTION, ASKING EMBASSY TO SOUND OUT WASHINGTON AGENCIES ON POSSIBILITY OF IMPORT THROUGH SOME OTHER YUGOSLAV IMPORTER, UNTAINTED BY PREVIOUS DIVERSIONS. EMBOFF REPLIED THAT CHANCES SUCH APPROVAL WERE NON-EXISTENT BUT AGREED TO CONVEY SUGGESTION(HEREWITH) TO WASHINGTON IAG.

2. KOSTIC'S ASSERTION AT THIS MEETING THAT HE COULD ONLY HOLD OFF HIS CUSTOMER(MINISTRY OF INTERIOR-SERVIA) A COUPLE MORE DAYS CASTS HIS TLEX TO HONEYWELL(REF B) INSUSPICIOUS LIGHT. APPEARS EVIDENT THAT (1) HONEYWELL DID NOT START DELIVERY ON JULY 21; (2) POROGRES HAS NOT MOVED TO OBTAIN COMPUTER FROM FUJITSA. THUS, TELEX MAY HAVE BEEN PARTIALLY SCARE TACTIC.

3. KOSTIC SAID HE BELIEVES GOY WILLING TO MEET WITH USG TEAM, BUT SUMMER HOLIDAYS AND RESPONSIBILITY GAPS PREVENT
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THEIR CONCENTRATING ON IT TILL FALL. MAY BE GRAIN OF

TRUTH IN THIS, BUT WE ARE NOT RPT NOT CONVINCED OF
POWERLESSNESS OF PROGRES TO CLAIM ATTENTION OF YUGOSLAV
GOVERNMENT.

4. IN SEPARATE MEETING OF EMB ECON COUNSELOR WITH CHAMBER VICE
PRESIDENT SNUDERL ON OTHER MATTER, LATTER RAISED EXCON,
APOLOGIZING FOR NOT HAVING RESPONDED TO AMB'S LETTER REQUESTING
CONSULTATIONS. INITIALLY HE PLAYED FAMILIAR THEME OF LETTING
BYGONES-BE-BYGONES, ASSERTED THAT PRESENT SYSTEM EXTREMELY
STRONG AND COULD BE STRENGTHENED EVEN FURTHER. ECON COUNSELOR
RESPONDED THAT TRADE PROBLEMS EXISTED UNDER PRESENT SITUATION.
PURPOSE OF CONSULTATIONS WAS TO STUDY ENTIRE EXCON PROGRAM,
NOT FOR RECRIMINATIONS OR EVEN NECESSARILY PUNISHMENT FOR YUGOSLAV
FIRMS INVOLVED. RATHER IT WAS TO EXAMINE WHAT HAD GONE WRONG
IN PAST, TO MAKE SURE IT WOULDN'T RECUR IN FUTURE. USG COULDN'T
THEREFORE DROP OLD CASES. ECON COUNS EXPRESSED HOPE THAT
CONSULTATIONS COULD TAKE PLACE IN VERY NEAR FUTURE, SINCE WASHINGTON
TEAM WHICH WOULD SUPPORT AMBASSADOR WOULDN'T BE AVAILABLE AFTER
MID-AUGUST.

5. SNUDERL SAID HE UNDERSTOOD SITUATION BETTER NOW. HE THOUGHT
CHAMBER COULD GEAR UP QUICKLY FOR MEETINGS, BUT DIDN'T KNOW
ABOUT OTHER GOY AGENCIES. ALSO SAID MIGHT BE BETTER HOLD MEETINGS
SOMEWHERE OUTSIDE OF BELGRADE WHERE AIR FRESHER. ASKED THAT WE
KEEP IN TOUCH WITH HIM. WE PROMISED THAT WE WOULD.
SILBERMAN

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